

COMMITTEE ON LANDS AND BUILDINGS

October 19, 2004

6:30 PM

Chairman Thibault called the meeting to order.

The Clerk called the roll.

Present: Aldermen Thibault, Roy, Gatsas, Osborne

Absent: Alderman Porter

Messrs.: K. Dillon, R. MacKenzie

Chairman Thibault addressed Item 3 of the agenda:

Communication from Kevin Dillon, Airport Director, requesting authorization to negotiate and execute an agreement with Aerohex Condominium Association owners to acquire their property interests and facilities on the southwest ramp in exchange for Airport property and the construction of replacement hangars on the northeast ramp.

Deputy City Clerk Johnson stated we would note that we originally we were waiting for reports from Assessors, Planning and Tax. We have received those reports. One of the conditions in the Planning Department's recommendation there was a recommendation regarding a public access way and I know that there has not been an agreement reached. I guess Mr. Dillon wanted to address the Committee regarding that.

Kevin Dillon, Airport Director, brought a map forward to show Committee members the areas being discussed in the request. What we are trying to accomplish here is to obtain a piece of property that is very important to the Airport for future cargo development. All of the cargo at the Airport under our Master Plan is slated to be developed in the southwest quadrant of the airport. One of the unique things about the Manchester Airport when you compare it to other airports across the country is that we do still have quite a bit of property that is privately owned at the Airport that has deeded access to the Airport. Aerohex Condominium Association is one of those projects or one of those property owners. It is privately owned property that has deeded access to the Airport. We could have taken the approach of just trying to buy the property out right. We did that up front. The folks that operate or are part of this Condominium Association

operate private aircraft, general aviation aircraft in and out of small general aviation hangars that are on the site. We could have taken an eminent domain approach but certainly that is not the preferred approach. We don't look to do that as a routine and in this particular case if we did pursue an eminent domain approach it would have been very difficult for any court to put a value on what that deeded access is worth. So we reached an understanding with Aerohex that what they wanted to achieve was contingent use of these hangars for their general aviation needs and what the Airport certainly wants to achieve is the property for our cargo development. So we essentially reached an understanding that we would transfer a comparable sized piece of property that is of very, very limited commercial value to the Airport but it is a good value for the general aviation operations for them in return for achieving their parcel. The area that we would be giving them today basically we conduct general aviation operations in that area. There are other hangars that the Airport has under lease agreement with various tenants in that location at the Airport so the use that they are going to be putting it to in this particular portion of the Airport is very much compatible with the use that is there today. What the deal would essentially consist of is an even swap for the land. Both parcels are approximately four acres or a little bit less than four acres. We will also be compensating them for the improvement that is on the existing piece of property that we will be obtaining. Those general aviation hangars have been valued at about \$1.3 million so we will essentially give them \$1.3 million that they will put towards construction of hangars on this new site. If the construction of the hangars exceeds \$1.3 million then Aerohex Condominium Association will be responsible for any overage above the \$1.3 million. If they could construct it for less then we would just take the difference but it would be highly unlikely that they will be able to do that. We were recently at the Zoning Board of Appeals and Planning Board with them. They are proceeding with the six bay hangar construction so again it would be highly unlikely that they will be able to construct that for less than \$1.3 million. What the City Clerk's Office is referring to in terms of the Planning Department concern...Bob MacKenzie has raised a concern about a portion of the property that we would be transferring to Aerohex. That portion of the property that he is concerned about is actually a piece of the railroad right-of-way that the Airport owns. You may recall that the Airport, when we were advancing our construction project, purchased three sections of railroad right-of-way. We purchased that from Boston & Maine Railroad. We transferred two of those sections back to the state. The state subsequently transferred or is in the process of transferring one of those sections back to the City. However, we retained the middle railroad right-of-way section because that is where runway 624 was extended over. Basically we would be giving Aerohex access to their site via the railroad right-of-way that comes off of North Perimeter Road. Mr. MacKenzie's concern was two-fold. Number one, he was under the belief that we would have to maintain under state law the ability to convert that section of the railroad right-of-way back to the railroad if, in fact, the

state elected to do that. That is incorrect. The only obligation that would be is that if it was the common carrier that originally owned the railroad right-of-way to the railroad, they would have an obligation but once it is transferred away from the common carrier the subsequent parties that it is transferred to do not have that obligation. I have confirmed that with Mr. Morgan of the state who indicated that the state does not have an interest in this section of the railroad right-of-way. He has also confirmed that we do not have an obligation to return this back to the railroad if the state elected to somehow try to activate this line, which would be a pretty difficult undertaking considering what has happened up and down the line and considering that the Airport now has a runway that goes across the line. It would be very, very difficult for it to be activated. I think Bob's concern was on the basis that he thought we had that obligation and that we could not transfer it out right without putting that condition on it. As I said, we have confirmed that with the state. I have also re-reviewed the CLF, Conservation Law Foundation lawsuit against the City a couple of years ago and certainly that same determination that I got from the state is in the determination as a result of that lawsuit. The other concern that Bob raised about giving up that particular piece of property right-of-way is there has been discussion about a potential future rail connection to the airport or possibly a utilization of the railroad right-of-way for the trail. Under both of those projects certainly...let me take the trail first. We would not be able to bring a trail on to this particular section of the right-of-way because it is actually within the aeronautical fence line of the Airport and based on federal security requirements I would not be able to ever allow the general public into that area nor would it be a good practice to do that based on the proximity of that railroad right-of-way to aeronautical operating areas on the Airport. In terms of the rail connection, as I said there has been discussion about a potential light rail connection from downtown out to the Airport. There are a couple of reasons why the Airport would not support that project. Number one is the ridership coming out of Manchester would never make that economically feasible in my lifetime or probably my children's lifetime to justify the level of expense to bring that out to that location. We would also have the same level of concern about bringing a rail system into that section of the Airport because we have the same security concern. If there was a rail project that was brought out to the Airport it would have to terminate on the other side of North Perimeter Road. That would be the logical place. Still you do have the ability to do that. Bob has stated though that in the future he believes that there is a potential to actually bring light rail to that location and then underground underneath the runway system over to the terminal building. He is talking about a project that would be much, much further out in the future and also a very, very expensive project that he is thinking about that quite frankly I am not too sure from an engineering standpoint you would ever be able to accomplish and keep the runways operating while you tried to tunnel underneath the runway system. So I don't think it is a feasible project, not only from the economics but also from an engineering standpoint. Even if it were,

there are still provisions to accomplish that in that it would start to tunnel to bring that light rail system to the terminal building on the other side of Perimeter Road. Simply what you would be doing is starting that tunnel location 50 feet sooner and there would be the ability to tunnel right under this development if you actually were going to go to that extent but as I said I don't believe it is a feasible project to begin with. Quite frankly when you look at where the Airport is looking to go there is a very high likelihood that we will accomplish the proper development that we are looking to put on this site. It is a very, very important piece of not only the Airport's business to continue to enhance cargo but cargo is a very, very important component of the surrounding economy. Quite frankly a lot of the economy here is based on cargo processing capability at the Airport and it makes all the sense in the world to make sure that cargo development continues at the Airport. So I guess what I am saying is the concern that Bob has expressed in terms of this particular project can certainly be dealt with from an engineering standpoint and I think it would be very foolish to trade off the very good potential cargo development on a project that may never ever happen or in deference to a project that may never ever happen.

Alderman Roy stated Kevin on your diagram there are actually two buildings within the area to be conveyed from Aerohex to the Airport Authority and then two buildings that seem like they are similar in size and served by the same taxiway. Are those not Aerohex properties?

Mr. Dillon answered Aerohex Condominium Association originally consisted of three buildings and a building pad for a fourth building so one of those buildings you are looking at is not actually a building it is a building pad and an office complex. The Airport has already acquired the office complex, the empty pad and the other building. That was part of an agreement that the Board already approved when we went forward with the fuel farm project at the Airport. That empty pad and that other building were owned by Wiggins Airways. It was tied into the overall fuel farm development project.

Alderman Gatsas moved to allow the Airport Director to move forward with the project.

Chairman Thibault asked, Mr. MacKenzie, do you have anything you would like to say to the Committee.

Mr. MacKenzie stated we just kind of found out about this project recently. There have been discussions about some day providing a rail connection or other transportation connection from the downtown to the Airport. That would certainly benefit the City in providing an alternative form of transportation. I think that the return of rail from Boston to Manchester will be a key competitive aspect for the

future of the City. Other cities that we compete with - Portland, Maine, Providence and Worcester all have commuter rail service and I think that given the traffic issues that we have on 93 and on Route 3 we are going to have to be looking at that. We did note in our correspondence that the Committee should look at the issue of retaining a transportation access easement. I don't know if we would need that 10 years from now or 50 years from now. We just felt that it would be in the best interest of the City to protect that. Rail connection from the downtown into the Airport could benefit not only the Airport but the City as well. We did look at the plans. The old rail line that was there and is going to be used by this project is 66' wide. We do think that you could reserve and we do have a copy of the site plan, that the City should reserve a 30' wide easement along one side of it for any type of future access. Again, that could be 10 years from now or 50 years from now. It doesn't appear, based upon the approved site plans from the Planning Board, that the 30' wide easement would in any way affect the physical development of that site. I don't know what the negotiations have been with the applicant. I think it is good that they are bringing Aerohex actually from the Londonderry side to the Manchester side and selling it would bring a taxable property to the City. We just raise the issue that we should preserve our opportunities for a direct link, some type of transportation link, from the downtown to the Airport.

Chairman Thibault asked will that hinder your project, Kevin, if we did that.

Mr. Dillon answered I am not too sure that Aerohex would be agreeable to an easement arrangement if that is how their access is provided. I can certainly try to work with them to renegotiate that potential piece of property to see if there is a shared use but we do have other issues. The Fire Department is requesting that the Aerohex access be a certain width, which is going to start to eat into some of that property that Bob was talking about. I can certainly attempt to negotiate that but keep in mind we are also trying to trade-off equivalent square footage as well and if I start to take a lot of that square footage off the deal doesn't become equivalent in terms of the trade-off. Again as I said I can try to negotiate that. I will attempt to negotiate that but I would still ask the Board to approve this notwithstanding that piece. If I can't achieve it this is a transaction that I think is very, very important to the future of the Airport. I have to say I also...I do agree with what Bob is saying in terms of rail access to the City and certainly rail access to the Airport. I am a big proponent of HOB and Mass Transit access to the Airport. I would argue, though, that that access should be done via the rail line that would come up from Nashua into Manchester with an intermediate stop in conjunction with the Airport access road or an intermediate stop in the commercial area of Brown Avenue to serve the Airport because quite frankly even where we are talking about in this Aerohex location if you did not tunnel underneath the runway system and as I said from an engineering standpoint I am not too sure that is

feasible to ever do that from a cost or an engineering standpoint but if you terminate in that location you are on the wrong side of the runway system. We have been a proponent of the rail access on the west side coming from the line that I said will hopefully ultimately come up from Nashua to Manchester and several brought up from Massachusetts to Nashua. I certainly think that Bob is very correct that rail access is important but I think there are a lot of other options for this as well.

Alderman Roy asked, Kevin, regarding the \$1.3 million reimbursement for the building where is that coming from and could you expand on that.

Mr. Dillon answered a portion of it is coming from bonding that was approved under a prior bond issue. This has been a negotiation that has been underway with Aerohex for a number of years at this point to acquire this site so a portion is coming from Airport bonding and another portion is coming from Airport revenues. It is all related to the revenues of the Airport.

Alderman Roy asked so no taxpayer funds are being used.

Mr. Dillon answered no.

Alderman Osborne asked can you go over the security issues again. You said the rail, there was a security issue with that and the trail, there was a security issue with that.

Mr. Dillon answered well they are a security issue if they are brought on to the aeronautical area of the Airport. If you look at the diagram you have, essentially the aeronautical fence line, the security fence line runs along North Perimeter Road so if you look at the section of railroad right-of-way that we are talking about it actually goes into that fence line. So we have a lot of security concerns and naturally I cannot allow the general public to go on to a security area. It couldn't happen at any Airport. There are background checks that have to be done, criminal background checks on any employee or anybody that would go inside that fence line. So it would not be feasible to try to bring a public trail in. I would have to alter dramatically the fence line at the Airport to accomplish that and then you would dead end at a barbed wire fence that connects to the runway taxiway system.

Alderman Osborne asked so the best place for the rail would be Brown Avenue and then shuttle from there.

Mr. Dillon answered well I think the most feasible rail project in the foreseeable future would be rail that would come up from northern Massachusetts into

Nashua. It is a project that folks are trying to get off the ground at this point. We have told the DOT that we would like to see in conjunction with that project that the rail line ultimately be brought from Nashua to Manchester with an intermediate stop at either the location of the Airport access road...the rail line runs right along that corridor where the Airport could then run its Airport buses back and forth between that rail station. It would be a couple of minutes trip between the rail station and the terminal building or if it was not feasible to do it in conjunction with the Airport access road to do it at the location where that rail line crosses the river and comes into the industrial area off of Brown Avenue. We could do the same thing – run the buses from that location back and forth.

Chairman Thibault asked do you want to include the easement or not.

Alderman Gatsas stated I am okay with my motion. Alderman Osborne duly seconded the motion.

Chairman Thibault called for a vote on the motion to authorize the Airport Director to move forward with the project. There being none opposed, the motion carried.

There being no further business, on motion of Alderman Roy, duly seconded by Alderman Osborne it was voted to adjourn.

A True Record. Attest.

Clerk of Committee